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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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SEC  
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8-68931

Washington DC  
Facing Page  
Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2012 AND ENDING 12/31/2012  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Back Bay Life Science Advisory, LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

33 Broad Street

(No. and Street)

Boston

(City)

MA

(State)

02109-4230

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Peter F. Flynn

(617) 367-0099

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Samet & Company, PC

(Name - if individual, state last, first, middle name)

1330 Boylston Street

(Address)

Chestnut Hill

(City)

MA

(State)

02467

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.



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**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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## OATH OR AFFIRMATION

I, Peter F. Flynn, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Back Bay Life Science Advisory, LLC, as of December 31, 2012, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

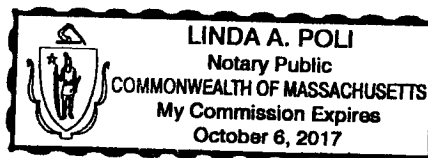
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Peter F. Flynn  
Signature

Chief Financial Officer  
Title

Linda A. Poli  
Notary Public



This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**



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## **INDEPENDENT AUDITORS' REPORT**

*Certified Public Accountants*

To the Board of Directors and Member of  
Back Bay Life Science Advisory, LLC

### **Report on the Financial Statements**

We have audited the accompanying statement of financial condition of Back Bay Life Science Advisory, LLC (a Massachusetts limited liability company, the "Company") as of December 31, 2012 and the related statements of operations, changes in member's equity and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Back Bay Life Science Advisory, LLC as of December 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Chestnut Hill, Massachusetts  
February 25, 2013



**BACK BAY LIFE SCIENCE ADVISORY, LLC**

**STATEMENT OF FINANCIAL CONDITION**

**December 31, 2012**

**ASSETS**

Cash	\$ 13,430
Prepaid expenses	<u>504</u>
	\$ <u>13,934</u>

**LIABILITIES AND MEMBERS' EQUITY**

Accrued expenses	\$ <u>5,000</u>
Member's equity:	
Member contributions	24,990
Accumulated deficit	<u>(16,056)</u>
	<u>8,934</u>
	\$ <u>13,934</u>



**BACK BAY LIFE SCIENCE ADVISORY, LLC**

**STATEMENT OF OPERATIONS**

**Year Ended December 31, 2012**

Revenues:		
Other income	\$	340
Operating expenses:		
Insurance		347
Office expense		574
Professional fees		12,500
Regulatory expenses		<u>1,999</u>
		<u>15,420</u>
Net loss	\$	<u>(15,080)</u>



**BACK BAY LIFE SCIENCE ADVISORY, LLC**

**STATEMENT OF CHANGES IN MEMBER'S EQUITY**

**Year Ended December 31, 2012**

	<u>Member Contributions</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance, January 1, 2012	\$ 20,000	\$ (976)	\$ 19,024
Net loss	-	(15,080)	(15,080)
Member contributions	<u>4,990</u>	<u>-</u>	<u>4,990</u>
Balance, December 31, 2012	\$ <u>24,990</u>	\$ <u>(16,056)</u>	\$ <u>8,934</u>





**BACK BAY LIFE SCIENCE ADVISORY, LLC**

**STATEMENT OF CASH FLOWS**

**Year Ended December 31, 2012**

Cash flows from operating activities:

Net loss \$ (15,080)

Changes in operating assets and liabilities:

Prepaid expenses (480)

Accrued expenses 4,000

Net cash used for operating activities (11,560)

Cash flows from financing activities:

Member contributions 4,990

Net decrease in cash during the year (6,570)

Cash, beginning of year 20,000

Cash, end of year \$ 13,430



## BACK BAY LIFE SCIENCE ADVISORY, LLC

### **NOTES TO FINANCIAL STATEMENTS**

**December 31, 2012**

Note 1

#### **Organization and nature of business**

Back Bay Life Science Advisory, LLC (the "Company") was formed in May, 2011 and is a Massachusetts limited liability company. The Company acts as an agent for the issuer of corporate securities for private placements per management agreement with the Financial Industry Regulatory Authority ("FINRA"). The Company is a registered broker under the Securities Exchange Act of 1934 and is a member of FINRA and Securities Investor Protection Corp ("SIPC").

The Company is under 100% subsidiary of Back Bay Strategies, LLC.

Note 2

#### **Summary of significant accounting policies**

##### **Revenue recognition**

The Company recognizes revenue upon completion of private placement of corporate securities. Fees are charged based upon an agreed upon percentage of the proceeds of the transaction.

##### **Income taxes**

The sole member of the Company has elected to have the Company taxed as a single-member LLC. Accordingly, the Company is not subject to federal or state income taxes. All taxable income/loss and tax credits are reflected on the income tax returns of the member.

##### **Income tax positions**

The Financial Accounting Standards Board ("FASB") has issued a standard that clarifies the accounting and recognition of income tax positions taken or expected to be taken in the Company's income tax returns. The Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. If the Company incurs interest or penalties as a result of unrecognized tax benefits, the policy is to classify interest accrued with interest expense and penalties thereon with operating expenses.

##### **Use of estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.



**BACK BAY LIFE SCIENCE ADVISORY, LLC**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2012**

**Note 2      Summary of significant accounting policies (continued)**

**Subsequent events**

The Company has evaluated subsequent events through February 25, 2013, which is the date the financial statements were available to be issued.

**Note 3      Net capital requirements**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of a minimum net capital balance and requires that the Company's aggregate indebtedness to net capital, as defined, shall not exceed 15 to 1.

At December 31, 2012 the Company's net capital was \$8,430, which was \$3,430 in excess of its required net capital of \$5,000. The Company's aggregate indebtedness to net capital was 59.31%.

**Note 4      Reserve requirement pursuant to Rule 15c3-3**

The Company is exempt from the provisions of Securities and Exchange Rule 15c3-3 under the exemptive provision under paragraph (k)(2)(ii).



*Certified Public Accountants*

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION  
REQUIRED BY RULE 17a-5 UNDER THE SECURITIES EXCHANGE ACT OF 1934**

To the Board of Directors and Member of  
Back Bay Life Science Advisory, LLC

We have audited the financial statements of Back Bay Life Science Advisory, LLC as of and for the year ended December 31, 2012, and have issued our report thereon dated February 25, 2013, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained on page 10, required by Rule 17a-5 under the Securities Exchange Act of 1934, is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information on page 10 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on page 10 is fairly stated in all material respects in relation to the financial statements as a whole.

Chestnut Hill, Massachusetts  
February 25, 2013



BACK BAY LIFE SCIENCE ADVISORY, LLC

**COMPUTATION OF NET CAPITAL PURSUANT TO**  
**UNIFORM NET CAPITAL RULE 15c3-1**  
**Year Ended December 31, 2012**

Capital

Member contributions	\$ 24,990
Accumulated deficit	<u>(16,056)</u>
	<u>8,934</u>

Deductions and charges:

Nonallowable assets:

Prepaid expenses	<u>(504)</u>
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Net capital	\$ <u>8,430</u>
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Aggregate indebtedness

Accrued expenses	\$ <u>5,000</u>
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Computation of basic net capital requirement

Minimum net capital required	\$ 333
Minimum dollar net capital required	5,000
Net capital requirement	5,000

Excess net capital	\$ <u>3,430</u>
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Net capital less 120% of minimum

dollar net capital required	\$ <u>2,430</u>
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Percentage of aggregate indebtedness to net capital	59.31%
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**Reconciliation with Company's computation (included  
in part II of form X-17A-5 as of December 31, 2012)**

Net capital, as reported in Company's part II (unaudited) focus report	\$ 13,430
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Accrued expenses	<u>(5,000)</u>
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Net capital per above	\$ <u>8,430</u>
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*Certified Public Accountants*

**REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5(g)(1) FOR A  
BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3**

To the Board of Directors and Members of  
Back Bay Life Science Advisory, LLC

In planning and performing our audit of the financial statements of Back Bay Life Science Advisory, LLC (the "Company") as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17(a)-3(a)(11) and for determining compliance with exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13.
2. Complying with the requirements of prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practice procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.



**REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5(g)(1) FOR A  
BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3  
(CONTINUED)**

Because of the inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

*A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be a material weakness. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2012 to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

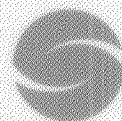
Chestnut Hill, Massachusetts  
February 25, 2013

**BACK BAY LIFE SCIENCE ADVISORY, LLC**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Year Ended December 31, 2012**





SAMET

